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LATIN AMERICA AND THE CARIBBEAN ON THE ROAD TO RIO+20*

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1. This note was prepared by the Economic Commission for Latin America and the Caribbean (ECLAC) for use by the Latin American and Caribbean countries in preparation for the United Nations Conference on Sustainable Development (Rio+20).

2. In preparing this note, the secretariat has referred to the preliminary version of the document Sustainable development in Latin America and the Caribbean 20 years on from the Earth Summit: progress, gaps and strategic guidelines,[1] which was prepared jointly by ECLAC and the United Nations agencies, funds and programmes that operate in Latin America and the Caribbean; as well as to the document Time for equality: Closing gaps, opening trails,[2] which was presented by ECLAC at its thirty-third session (Brasilia, 2010).

3. The secretariat also took into account the Rio Declaration on Environment and Development (1992), Agenda 21 (1992), the Rio de Janeiro Platform for Action on the road to Johannesburg (2001) and the Johannesburg Plan of Implementation (2002); the Barbados Programme of Action for the Sustainable Development of Small Island Developing States (1994) and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (2005), and the commitments for international cooperation under Goal 8 of the Millennium Development Goals.

I. LATIN AMERICA AND THE CARIBBEAN IN PREPARATION FOR RIO+20

4. The international community's acceptance of the concept of sustainable development, as manifested in the Rio Declaration on Environment and Development, was a major achievement of the Earth Summit in 1992, but most of the countries in the world have still not fully incorporated this concept into their strategies and policies for socio-economic development.

5. In accordance with General Assembly resolution 64/236, the objective of Rio+20 is to secure a renewed political commitment to sustainable development, assessing the progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development and addressing the new and emerging challenges. In this context, Member States have agreed to focus on two themes for the Conference: (a) a green economy in the context of sustainable development and poverty eradication; and (b) the institutional framework for sustainable development.

6. As regards the green economy in the context of sustainable development and poverty eradication, the commitment to the environment must be consistent with the constant struggle to overcome poverty and inequality by means of economic growth; new production patterns incorporating technical progress; quality employment; and universal and targeted social policies.

7. On the basis of this understanding and the principle of common but differentiated responsibilities between developed and developing countries, whereby the international community recognizes the historical responsibility of the developed countries for the distressing state of the global environment today, participants in Rio+20 should seek a new global production and consumption paradigm.

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1 LC/L.3346.

2 LC/G.2432(SES.33/3).

8. This realization arises from the recognition that the necessary change in the development model for moving forward simultaneously and in an integrated manner with the three pillars of sustainable development (social, economic and environmental) has not been achieved either globally or in Latin America and the Caribbean; the views of the countries of the region have converged in terms of the appreciation of the issue and their recognition that the commitments made at the United Nations Conference on Environment and Development (1992) and at the World Summit on Sustainable Development (2002) must be reinforced; there is also a common understanding that the main outstanding mission is to enhance and strengthen the instruments that prove most effective in implementing the outcomes of both conferences.

9. At the global level, problems in completing the Doha Round of trade negotiations, the fact that developed countries have failed to take the lead in reducing carbon dioxide emissions and their failure to fulfil official development assistance commitments are symptoms of their dilatoriness in achieving sustainability worldwide and in respecting the principle of common but differentiated responsibilities.

10. The countries of the region expect the advanced countries to make a much more determined and concerted effort than in the past to ensure that the current global model of production and consumption which destroys nature is replaced by a model that is consistent with sustainable human settlements and with conservation of nature, biodiversity and climate stability.

11. Since 1992, expressions of commitment to sustainable development and responsibility for the well-being of current and future generations have been echoing resoundingly in the States and societies of the region. Governments have invested in policies, institutions, legislation, capacity-building and knowledge-building. This attests to their determination to progress towards sustainable development out of their own interest, motivation and drive. Countries have advanced in different ways, according to their particular situations, priorities, values, traditions and cultures, and each society or each Government has pursued the goal of sustainable development by dint of its own determination and effort in priority spheres of action.

12. The failure by the developed countries to follow up on the international agreements in which they pledged to provide financing and cooperation in the fields of science and technology places a serious constraint on national efforts in pursuit of sustainable development, especially in the case of the countries of the region which still lag far behind in terms of socio-economic development.

13. A global partnership for sustainable development must be established as a matter of the utmost urgency. In this context, the developed countries are once more urged to fulfil the now historical commitment to earmark 0.7% of their gross national income (GNI) to official development assistance, as well as the other agreements reached at the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002. Resources for traditional development assistance must be clearly distinguished from those designed to address global public bads, such as climate change; indeed, new and additional resources should be set aside for the latter. In view of the extent of the challenges to sustainable development, new, innovative financing mechanisms, such as global taxes on international financial transactions and carbon emissions, should be applied in order to bring in new public revenues.

14. Setting up a global partnership for sustainable development also calls for equitable distribution of scientific and technological advances. However, the countries of the region still have limited or imperfect access, due largely to restrictions imposed by international intellectual property agreements. A political debate must be launched globally to solve the paradox concerning intellectual property rights, which encourage innovation but restrict the use and dissemination of its benefits. Measures similar to those

taken with respect to health and access to medicinal drugs must now be taken to boost the bargaining power of developing countries, which need to negotiate more flexible intellectual property regimes to secure the transfer of clean technologies.

15. Foremost among the issues to be addressed by the global partnership for sustainable development is the question of energy. Access by the poorer segments of the population to energy services and energy efficiency are two fundamental issues in the link between energy and sustainable development. Access to energy services is vital for the achievement of national and global development goals, poverty alleviation and environmental protection. Many households still do not have access to modern cooking fuels and, when they do, they have to pay a disproportionately high percentage of their income for this commodity; this exacerbates social inequity in the world and in the region. Whereas the higher income sectors contribute substantially to greenhouse gas emissions, the poorer sectors account for only a small share of total energy consumption and thus the elimination of energy poverty would have only a marginal effect on emissions. Moreover, the scale of global economic activity and prospects for economic growth call for a radical improvement in energy intensity.

16. The recent cycle of prosperity in the region has been based on the increase in global demand for resource-intensive products. This is a model of development, which, as several centuries of history in the region have attested, cannot be left to the free interplay of market forces. Indeed, this does nothing to produce and disseminate technological progress and generate employment; moreover, market forces trample attempts to conserve ecosystems and destroy biodiversity. Hence the need for an overall framework for governance of natural resources with two major challenges posed by two fundamental principles: first, the premise of managing the exploitation of natural resources (in mining, hydrocarbons, agri-business and fisheries and forestry, among others) in accordance with sustainability criteria and with the Rio Declaration on Environment and Development; second, that of creating fiscal mechanisms and building political consensus to ensure that States capture the windfall income and channel these funds toward investments in production infrastructure, human resources, social advancement and other long-term objectives.

17. Within the framework of the global partnership for development, special attention should be paid to the problems of the small island States of the Caribbean and their particular features, bearing in mind the small size of their populations and economies, the vulnerability and economic importance of their coastal and marine ecosystems, the precariousness of their water resources, the huge challenge they have in disposing of solid waste and, above all, their exposure to climate change and natural disasters.

II. ASSESSMENT OF THE PERIOD 1992-2010 AND GUIDELINES FOR A SUSTAINABLE DEVELOPMENT STRATEGY FOR LATIN AMERICA AND THE CARIBBEAN BASED ON A HOLISTIC VISION OF THE SOCIAL, ECONOMIC AND ENVIRONMENTAL PILLARS

18. The situation of Latin America and the Caribbean is very different today from the conditions that prevailed in 1992, when the Earth Summit was held. At that time, the region was emerging from a “lost decade”, characterized by low growth, high inflation and other external debt constraints; it is also different from the situation in 2002, at the time of the meeting in Johannesburg (2002), when a decade of reforms had undermined Government structures and new economic crises were raging. Notwithstanding the recent world economic crisis, the region has just experienced almost ten years of relatively high growth, inflation has been brought under control in almost all countries and, in general, a stable

macroeconomic climate prevails. The economic situation, combined with a new generation of social policies, has helped to reduce poverty rates in many countries. Some have started to strengthen their productive development policies and to step up efforts in innovation, science and technology, and have returned to development planning. In many parts of the region, there is still time to take advantage of the demographic dividend, by investing in universal access to basic services and quality education. Thus, the region is better placed than ever to lay the foundations for change towards sustainability.

19. Notwithstanding the relatively favourable outlook, the countries of Latin America and the Caribbean are still grappling with the problems typical of developing countries, including high levels of poverty and inequality, wide disparities in their production and social structure, economies based on static comparative advantages and serious deficiencies in terms of environmental sustainability. The major obstacles to sustainable development in the region remain the same as before, but are exacerbated by the new and more compelling demands of a changing climate: eradicate poverty and eliminate inequalities, halt the destruction of ecosystems which serve as a habitat for the region's rich biodiversity and as a source of livelihood for local populations, achieve a level of local development (rural and urban) that meets the human security and economic needs of citizens, and consolidate institutions to ensure the continuing improvement of policies in different spheres of development and prevent backsliding in adverse situations by promoting full participation by key actors, including women, young people, indigenous peoples and local communities.

20. Sustainable development implies simultaneously addressing and integrating its three pillars: social, economic and environmental. The region's track record since 1992 with respect to these three pillars shows advances and setbacks. The most notable trends in each of these three dimensions are summed up below, together with an outline of the strategic elements needed to achieve increasingly solid advances in all three pillars. These proposals are consistent with the Millennium Development Goals and with the document Time for equality: closing gaps, opening trails, which was presented by ECLAC at the thirty-third session of the Commission.

21. In the social sphere, the following points should be underscored:

(a) Poverty and indigence levels have been reduced. In 1990, 48% of the region's population was living in poverty, but by 2010, this figure had been reduced to 32%. In other words, approximately 20 million fewer people are living in poverty today than 20 years ago. The figures remain high, however, with approximately 180 million people still living in poverty in the region. The gap with the developed countries has still not been narrowed in any significant way. Although the region's rating on the Human Development Index (HDI) has improved thanks to advances in its three components (school attendance, life expectancy and per capita income), it is still below the 1990 figure for countries of the Organization for Economic Cooperation and Development (OECD).

(b) Inequality diminished in the past 20 years, but the region is still the most unequal in the world. Inequalities occur both in income levels and in access to basic public services such as quality education and good living conditions.

(c) Since 1992, significant progress has been observed with regard to access to drinking water, sanitation and energy, in mortality rates and in nutrition and food security, although some of those gains have been cancelled out by the recent global crises. Increasingly large numbers of people live in slums, and health systems remain fragmented and have difficulty in keeping up with epidemiological and demographic trends.

(d) Access to energy services and the achievement of national development targets can help to reduce poverty and safeguard the environment. Despite the high rates of urbanization in the region, almost 30 million people still live without electricity and, of these, 21.4 million are poor (73%). Lack of electricity is directly related to poverty and an element of even greater inequity is the large number of households without access to modern cooking fuels; when such fuels are available, the costs account for a disproportionately high percentage of the income of such households, which accentuates social inequity in the region.

(e) Notwithstanding the recent crisis, social spending has gone up and has helped to cushion the impact of the latter. Income transfer programmes have played a very significant role in mitigating this impact but need to be combined with policies for changing production patterns so that responsibility for income level gradually shifts from social assistance to job quality.

22. In this context, strengthening the social pillar implies:

(a) Making a sustained effort to combat poverty, extreme poverty and inequality by expanding and boosting universal and targeted social policies: income transfer policies and quality public services (education, health, transport, electrical power and housing).

(b) Reinforcing social protection policies —risk reduction for human security, enhancing quality of life and providing equal opportunities— by expanding basic services with a low environmental impact such as the provision of better basic water supply, sanitation and waste-water treatment services, solid waste management and methane capture, construction of low-cost housing using less emissions-intensive building materials, providing good quality, environmentally friendly public transport and infrastructure for universal care services.

(c) Reducing radically the causes and effects of unbridled economic activity and urban sprawl, which destroy ecosystems and thus the quality of life of the poorest segments of the population.

(d) Implementing progressive fiscal reforms that allow for an increase in social spending. In some countries, it may include an increase in the tax burden and, in particular, in windfall tax on earnings due to higher commodity prices.

(e) Including provisions in the tax reforms to replace the consumption tax paid by the poor and workers' income tax by a tax on environmental damage caused by economic activity.

(f) Recognizing that in order to fulfil the Millennium Development Goals, one of the priorities of State energy policy must be to give the poor population access to energy at affordable prices in relation to their income and to consider that increasing access of the poor sectors to quality energy services is an opportunity to introduce low-carbon, high energy-efficient technologies as well as renewable and decentralized energy sources in remote rural areas.

(g) Recognizing that the poorer sectors account for a small percentage of total energy consumption, whereas the higher income sectors contribute substantially to greenhouse gas emissions and that the elimination of energy poverty would therefore have only a marginal effect on national emissions. All of this implies a significant change with respect to the scant attention now paid to this issue: energy poverty has traditionally been swept under the carpet, but must now be actively espoused and there is need for a clear political will to eliminate it as an integral part of the effort to fulfil the Millennium Development Goals.

23. In the economic sphere, it should be noted that:

(a) At the macroeconomic level, inflation has been reined in, fiscal balances have been improved substantially and the volume of exports has soared, especially since 2003, when for the first time in many decades, countries in the region succeeded in building up reserves. However, with the focus still on the recent period, GDP growth has been relatively low (3.2% per year in the period 1990-2010) and the average investment rate has been weak with marked fluctuations in international capital flows and an absence of anticyclical policies;

(b) The region's productivity gap with the developed countries has widened. Its production structure continues to be based to a great extent on resource-intensive sectors; moreover, economies have once more become heavily dependent on the primary sector ("reprimarized"). This situation generates considerable pressure on soils, water resources and the atmosphere. In addition, the manufacturing sectors continue to operate with little value added and there are wide differences in levels of productivity between and within the various branches of economic activity, which, together with the high levels of concentration of wealth, contribute to a deep-seated social heterogeneity;

(c) The employment rate closely mirrored the fluctuations in economic growth, which meant rising open unemployment rate and an increase in underemployment between 1990 and the early years of the twenty-first century, and, thereafter, a fall in unemployment rates and a significant rise in formal employment. Other fundamental labour-market components followed a similar pattern. In keeping with the worsening occupational structure in 1990-2002 and with the subsequent recovery, wages declined and subsequently recovered; the same applies to job quality indicators (coverage of social security systems, right to paid vacation, low-income jobs). A rapid recovery in employment following the 2008 economic crisis and in 2010 brought the unemployment rate down to 7.6%; however, the female unemployment rate was 1.4 times the male rate and youth unemployment was three times the overall unemployment rate.

24. Ultimately, the role of the economic pillar of sustainable development is to eradicate poverty and extreme poverty through medium- and long-term efforts to achieve growth for equality and equality for growth on the basis of the following:

(a) A macroeconomic climate that reconciles stability and growth thanks to the proper management of monetary, fiscal and exchange-rate variables in order to avert volatile external capital flows and cyclical fluctuations and to avoid a situation where currency appreciation inhibits diversification of production.

(b) Active stimulus policies that encourage capital formation, innovation, diversification of the productive structure, technological densification and convergence towards levels of productivity that match those of the developed countries. The idea is to stimulate production linkages in order to halt the dangerous trend towards "reprimarization" of the economies. In addition, policies are needed that seek to standardize productivity by ensuring that the number of good quality jobs account for a greater proportion of the expansion in total employment, and that underemployed workers are absorbed in modern sectors.

(c) Strengthening labour institutions (unionization, advanced labour rights) to enable workers to obtain wage increases and labour conditions that correspond to their basic rights as citizens and give them a fair share of the fruits of technical progress and productivity gains; active policies by the State to enhance job quality and the capacity of the labour force, minimum wage policies and production support and worker protection in the informal sector; equal opportunity policies to ensure access to jobs with rights for

women and men, adults and young people alike; as well as policies whereby the transition to a sustainable economy is used to boost the creation of quality jobs and to help close the gap in social inclusion.

(d) Regulation and policies for economic activity based on sustainability criteria, such as full cost-pricing, by: (i) adopting restrictive regulations and fiscal instruments that discourage capital formation and economic activities that are damaging to the environment; (ii) using fiscal and financial incentives for technological activities, sectors and options that have a low environmental impact; (iii) including the criterion of sustainability in Government procurement; (iv) extending payment mechanisms for ecosystem services; and (v) requiring companies to submit regular reports on the environmental impact of their activities.

(e) Policies for boosting small and medium-sized enterprises given their role in systemic competitiveness and job creation.

(f) Intensifying regional socio-economic integration with respect to infrastructure, environmental standards and fiscal measures to bring them in line with the regional model of sustainable development.

(g) Expanding international cooperation (both financial and technological) and improving the conditions for international trade in accordance with international commitments and the needs of the region.

25. In the environmental sphere:

(a) Environmental legislation and institutions have been reinforced and sustainable development as a concept has been introduced in public policies; however, deficiencies persist in coordination and in the coherence of decisions and policies with the government apparatus.

(b) The energy intensity of GDP has fallen by 10% as has the intensity of CO_2 emissions per unit of output. However, measurements of per capita CO_2 emissions show an alarming increase of over 15%, according to the measurement based on burning fossil fuels and cement production.

(c) The total area of protected land has doubled and now stands at over 20% of the region's territory. There has been a significant downturn in the rates of deforestation in the past years, but the basis for comparison was the extraordinarily high rates of forest loss compared with global rates. Latin America and the Caribbean's immense biodiversity is being lost or is seriously threatened by human activity in virtually all parts of the region.

(d) Greenhouse gas emissions declined from 13% to 12% of the world total, but still remain much higher than the region's share of world GDP (less than 6%); if emissions due to land-use changes are excluded (agriculture, deforestation, among others) the region accounts for between 7% and 8% of total world emissions.

(e) Between 1990 and 2009, regional emissions of ozone-depleting substances fell steadily by close to 90%. This reflects the efforts made under the Montreal Protocol.

(f) Notwithstanding the major advances both by the public and the private sector, huge challenges persist in relation to toxic chemical and waste management; this is a threat to human safety, especially in urban areas; the use of fertilizers has doubled since 1990.

(g) An intense process of desertification is sweeping through and claiming a high percentage of dry lands in the region.

(h) Water distribution in the region is very unequal and water availability is subject to numerous pressures for which no appropriate management systems are in place.

(i) Management of coastal areas is still insufficient and 86% of wastewater enters rivers and oceans untreated.

(j) Approximately 80% of the region's population live in cities and the percentage is higher in the Southern Cone. Many of the main Latin American and Caribbean cities are facing grave problems of urban sprawl and weak planning.

(k) Overfishing and depletion of fish stocks are affecting the whole region.

(l) Climate change is a new challenge to development in the region and heightens the urgency of finding a solution to the problems mentioned above.

26. Conservation of the natural endowment is inextricably bound up with the regulation of economic activity; various and complex challenges impinge on the success of conservation efforts, for example, the causes and effects of climate change, protection of biological diversity, reducing emissions of ozone-depleting gases, combating desertification, land degradation and drought, rationalizing the use of water resources and ensuring rational environmental management of toxic chemicals.

27. In this context and in view of the foregoing discussion concerning the social and economic pillars, strengthening the environmental pillar implies not just the formulation of appropriate sectoral policies but also the adoption or intensification of cross-cutting economic and social policies, including the following:

(a) Drawing attention to the environmental and social costs of economic decisions in order to internalize them and enhance the regulatory, market and institutional mechanisms for controlling adverse environmental impacts;

(b) In the interest of greater visibility, seeking a new method for measuring GDP and moving towards measurement of assets in a way that includes human and natural capital, as proposed by the United Nations Statistics Division for natural resource accounts.

(c) Improving the capacity for implementing and monitoring policies through information and participation in accordance with principle 10 of the Rio Declaration. Decision-makers and citizens will thus have at their disposal the necessary tools and information for comparing alternatives and subsequently for monitoring their results so that the design of development and sectoral policies underpinning the three pillars of sustainable development can be based on sound statistics.

(d) Capacity-building for sustainability calls for the allocation of more resources to regional cooperation for education, science and technology The education curriculum must be reformed in order to incorporate education for sustainable development at all educational levels and to institutionalize and finance it and provide a sound research basis, capacity-building and the exchange and systematization of experiences. The professional level includes capacity-building for identifying and reducing environmental and health costs in the relevant spheres of professional activity, especially in relation to design,

construction, use of space, infrastructure, machinery and appliances and regulatory frameworks. Thus, it is necessary to introduce reforms in order to improve management of science, technology and innovation systems, boost innovation and knowledge-creation, and enhance competitiveness in knowledge-intensive sectors, so as to move towards a more sustainable form of development.

28. The only formula for advancing towards technical progress, increasing productivity and eradicating poverty and inequality is to combine the social, economic and environmental pillars of sustainable development in an integrated approach that satisfies current needs without compromising the resources and prospects of future generations. Government authorities responsible for each of these three areas must work intensively to coordinate their efforts in order to ensure the viability of the three pillars and help to achieve environmentally sustainable development.